

independent power producers based on the electric power data forms, EIA-860B and EIA-906, which are the source of this information beginning this year.¹ In addition to the revisions to the data accounting system, EIA also has conducted significant data quality work to capture more companies in its natural gas surveys. This results in higher consumption than previously would have been the case.

Natural Gas Consumption

Natural Gas Consumption Decreased in All Sectors Except Electric Power

Total natural gas consumption fell to 22.2 trillion cubic feet (Tcf) from the record high of 23.3 Tcf in 2000, with a corresponding decline in the volume delivered to end users from 21.5 to 20.5 Tcf. In general, higher prices likely discouraged consumption. Residential and commercial consumption declined for the year, reflecting the influence of weather on these sectors (Figure 1). Temperatures were warmer than normal during the first and last quarters of the year. The weak economy contributed to a reduction of

779 billion cubic feet (Bcf) in industrial sector consumption. Electric power was the only major consuming sector that showed increased consumption. A primary factor contributing to this increase is a larger stock of gas-fired generation capacity. Vehicle use of natural gas increased. However, vehicular use of natural gas remains an extremely small percentage of total consumption.

Natural gas markets have undergone a number of fundamental changes during the past five years. Consumption of natural gas for electric power not only increased in 2001, but it also expanded in each year of the five years, 1997-2001, included in this report. The sustained growth in electric power use of gas has resulted in this sector becoming the second largest consuming sector, moving ahead of the residential sector. Industrial use of natural gas during the same period has declined from 41 percent of the market to 36 percent. Consequently, the share of the market driven by seasonal factors—residential, commercial, and electric power—is growing, which likely will alter seasonal patterns in aggregate demand.

Some additional highlights related to the consumption data follow.

¹A more detailed discussion of the changes to the data accounting system is available in Appendix H of the *Annual Energy Review 2002*, which is available at: http://www.eia.doe.gov/emeu/aer/pdf/pages/Sec_h_1.pdf. Additional information on the data quality and data development work incorporated into the current *Natural Gas Annual* is available in Appendix A of this report.

Figure 2. Proportion of Natural Gas Consumption in Residential and Commercial Sectors by State, 2001

